



CITIZENS FOR ECONOMIC OPPORTUNITY
Corporate Responsibility Campaign

S.B. 11 - An Act Concerning the Rate Approval Process for Health Insurance Policies

My name is Karen Schuessler and I am the Director of Citizens for Economic Opportunity (CEO). CEO is a coalition of community and labor groups addressing health care reform and corporate responsibility.

I strongly support S.B. 11 and urge there to be procedures for hearings for rate increases. This will ensure more transparency and accountability of insurance companies.

This legislation is important for several reasons. Even though the Affordable Care Act is bringing relief to people all over the country and providing affordable health care coverage to millions, insurance companies are still raising their rates and making health coverage unaffordable to many.

Health and Human Services Secretary Kathleen Sebelius has proposed new rules that regulate the disclosure of HMO rate increases. Starting next year every time a health plan proposes a premium rate hike of 10% or more for individual or small group plans they must submit them to the federal agency with actuarial justification. State regulators and the federal government will review whether the rate increase is justified. If the rate increase is not justified, federal regulators will advise the state to block the increase and if the state does not have that power, HHS will post its review online to pressure the HMO to back down. However, HHS has no power to block an increase. The state will be the one determining whether to block an increase. Secretary Sebelius has suggested that consumers contact their state legislators and told ABC news "Demand those laws be changed. They should contact the Governor of their state, and the state legislature demanding those laws be changed."

In October, 2010 Commissioner Sullivan approved a 47% rate hike for Anthem and blamed the increase on federal care reform. Citizens for Economic Opportunity (CEO) sent a letter to Governor Rell asking her to replace him with a more consumer oriented commissioner. CEO also held a press conference urging the commissioner to resign. There was widespread media coverage and it was only then that Commissioner Sullivan agreed to hold a hearing for proposed Anthem rates hikes of nearly 20% that were to become effective in January 2011. Commissioner Sullivan resigned a week after the press conference. A hearing was held on November 17 and CEO organized a silent protest. Again there was widespread media attention and the Acting Commissioner denied Anthem's rate hike request. The point is that there is no federal or state law requiring more public hearings. The hearing was only held because the public demanded it and in the end the acting insurance commissioner agreed that Anthem's rate request for January 1, 2011 was not justified. This is proof that public hearings allow a more detailed analysis process and can lower the costs of unjustified premium hikes to consumers.

In addition, Connecticut has received a grant from the Department of Health and Human Services to ensure a more transparent rate review process. One of the goals of the grant is to "hold insurance companies accountable for unreasonable rate hikes," which means this grant can be used for public hearings.

I urge you to pass this bill to ensure that Connecticut has a transparent system that provides an affordable, sustainable health care system for all of its residents.

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